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JAPANESE CORPORATE MANAGEMENT: DOES IT NEED TO BE CHANGED?

SUMMARY

Regarded by many business leaders in Japan as fundamental to the efficiency and worldwide competitiveness of Japanese industry is the Japanese way of management. Several factors characterize this management form, including: a higher ratio of retained earnings, which allows Japanese companies to invest more of their own resources in plant and equipment and/or research and development; long-term relationships between employers and employees as well as between large manufacturers and small- and midsized suppliers; plus consultation between the government and the business sector.

Recently, however, Japanese management practices have encountered serious criticism both at home and abroad. Japanese workers are becoming more concerned about enjoying their personal lives rather than putting in long hours on the job. Consumers also want businesses to take more responsibility for environmental damage and social service-type concerns. Many competitors abroad continue to complain about the aggressive behavior of Japanese exporters and have asked their governments to counter these actions through protectionist measures.

In response to these internal and external messages some corporate leaders in Japan have begun to reconsider the ways Japanese industry conducts business. Their prescription for change includes a reduction of working hours and/or an increase in wages to improve the treatment of workers, more attention to shareholders' interests, increased contributions to society and more concern for environmental preservation. The calls for change are not unanimous, and that fact has stimulated a wide-ranging discussion about the risks of changing corporate practices that have helped make Japan a world economic power.

Change of some sort is likely, however, since demands from workers and foreign competitors could lead either to self-adjustment or, in the event of nonaction, to the possibility of more intervention by Tokyo in domestic business activities to achieve the results called for by both domestic and foreign critics. The latter result

could halt ongoing efforts to liberalize Japanese markets and impact trade worldwide. Viewed in this light the calls heard at home for altering certain corporate management practices can be interpreted as an adaptive response by Japanese industry to revamp some of the ways it conducts business to prevent the spread of protectionism abroad, managed trade and new controls on business practices at home.

Current Japanese Corporate Management Practices

Corporate management practices in Japan have been described as one of the engines that have powered that country's comparatively fast economic expansion over the past three decades. Although the Japanese economy is based on capitalism, many analysts cite the supposed uniqueness of its corporate management philosophy to partially explain why Japan has achieved growth rates higher than those of other capitalist countries at various given times. And what usually strikes observers first is the priority corporate Japan has put on market share, whether at home or abroad. According to many economists, a focus on market share is a long-term, roundabout way to maximize profits — the presumed goal of business in a capitalist economy — and one that stands in sharp contrast to the short-term, direct profit-maximizing behavior of American and European companies.

The long-term, growth-oriented strategy of Japan's business sector as well as the flip side of this plan — in which returns to company stockholders, labor and management rank a distant second — are legacies of the immediate post-World War II period and the then tacit consensus that corporate Japan should plow most of its earnings into investment to expand the small role of Japanese industry first at home and later in the world market. This attachment to market share made particular profit-maximizing sense when overall economic growth was very rapid. Rules of thumb that developed to maximize profits — learned in the heady, expansionary days of the 1950s and 1960s — have continued to underpin Japanese business strategy to the present. The government encouraged this line of thinking, and still does, by taxing dividends heavily and capital gains lightly.

Employment practices that emphasize company unity and layoffs as a last resort provide additional support to the long-term strategy. Despite the absence of written contracts, permanent employees of big Japanese corporations can expect that once they have been recruited by a company they will remain with that firm until retirement. Employers treat employees like family members and invest training time and resources in them. Wages are based mainly on seniority rather than merit and, as a result, job switching among unaffiliated companies remains relatively unusual. Moreover, the average salaries of managers are not much higher than those of other employees of the same generation. Since promotion opportunities are, in principle, open to all employees, workers — like employers — tend to associate the company's growth with their own efforts and maturation.

Labor unions, too, often maintain cooperative relations with employers since they tend to be company-affiliated rather than industry-based. Except in some family-owned firms, corporate board members, including chief executive officers, typically are recruited from union ranks. The prospect that union leaders and members someday could be part of top management reinforces their interest in sharing and supporting the long-term corporate strategy. In addition, since a company's future growth is shared equally by managers and workers, employees are willing to put up with long hours and relatively low pay. Again, these labor practices made economic sense in times of high growth rates.

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The concept of family also extends in varying degrees to customer-supplier relationships. Large manufacturers have ties to small- and medium-sized parts suppliers not only in the production phase but also in the design and development stage. Often referred to as *keiretsu* relationships, these linkages might be through financial ties to one of Japan's nationwide commercial banks, pyramid-style industrial *keiretsu* that revolve around one major company or through vertical distribution arrangements (see *JEI Report* No. 2A, January 12, 1990). As is the case with employees, suppliers participate in these often grueling and sometimes low-profit relationships to gain a share of future growth.

Mutual and stable shareholding practices among *keiretsu*-member companies and other friendly institutional investors reinforce the long-term thinking of corporate managers. Since they do not have to be concerned about hostile takeovers, corporate managers do not worry about stockholders' short-term interests. With two exceptions over the past 15 years (1975 and 1989), the average ratio of dividends to after-tax corporate income in Japan has been around 30 percent, about half the figure for U.S. corporations (see Table).

Shares of Capital and Labor in National Income and Dividend Payout Ratio in Japan and the United States, 1970-89

	Corporate Fixed Investment/ GNP (constant prices)		Employees' Compensation/ National Income (current prices)		Dividends/ After-Tax Corporate Income (current prices)	
Year	Japan	United States	Japan	United States	Japan	United States
1970	17.4%	10.9%	54.0%	74.3%	16.6%	60.0%
1975	14.3	10.4	67.5	73.6	*	35.3
1980	14.5	11.9	66.8	74.3	29.1	35.9
1981	14.6	12.2	68.2	74.0	34.9	43.7
1982	14.3	11.6	68.6	75.7	30.5	62.8
1983	14.1	11.0	69.3	74.3	30.1	54.8
1984	15.1	12.1	68.9	73.1	26.7	54.1
1985	16.1	12.5	67.8	73.2	27.8	65.2
1986	16.4	11.8	67.9	73.6	29.6	79.2
1987	16.7	11.7	68.1	73.4	37.5	66.2
1988	18.1	12.1	67.7	72.9	36.7	60.9
1989	20.0	12.3	68.4	72.9	65.4	71.6

*Reported Japanese corporate income after taxes and dividends was negative.

Source: Department of Commerce, Bureau of Economic Analysis, and Economic Planning Agency

The list of factors shaping the long-term, growth-oriented strategy of Japanese business also includes the government's 1960s- and 1970s-era industrial policies and programs, which were designed to promote specific export-oriented industries over the long run. Although these practices have been much debated abroad (see *JEI Report* No. 29A, August 2, 1991), Japanese corporate executives are convinced that these initiatives and the close cooperation between government and industry they engendered were major influences on the way corporate Japan thinks and operates.

Whatever the influences these relationships have on industry's strategy, the results are most clearly evident in investment decisions. Here the pattern is clear. Japanese companies allocate a larger share of their net earnings to equipment and other fixed investments than do their American counterparts. The ratio of corporate fixed investment to gross national product in Japan exceeded the

comparable U.S. figure by anywhere from 2.4 to 7.7 percentage points a year during the 1970s and 1980s. The ratio of Japan's privately funded research and development expenditures to gross national product was 2.2 percent in 1989; the same year the comparable U.S. figure was barely 1.5 percent.[1] Since a smaller proportion of national income historically has gone to wages in Japan than in the United States and a big gap traditionally has existed between dividend payout ratios in the two countries, Japanese companies have strong internal sources of financing. This, in turn, has allowed corporations to invest large amounts of money in plant and equipment as well as research and development without having to rely as much on financial markets as many non-Japanese firms do.

Change of Japan's Business Environment

Slowdown in Economic Growth - Given the economic and political environment in which Japanese companies will have to operate in the 1990s — such as the loss of the latecomer effect on productivity gains, the shortage of labor, the spread of trade and investment frictions abroad and the higher costs of capital, many economists forecast that Japan's average annual growth rate over this decade will slow to 3 percent at most in real terms (see *JEI Report* No. 11A, March 20, 1992). This period of slower growth is likely to be accompanied by an erosion in the previous fundamental templates of the long-term view of Japanese management. The new mentality suggests that if people no longer can expect continued fast economic growth or a more enjoyable lifestyle in the future, they have less reason to save for the future or to rely on what previously had been seen as assurances that delayed gratification would be rewarded.

The seniority system, for example, may have less relevance for salaried workers in the new environment. During the era of rapid growth employers could provide managerial posts in sufficient proportion to their expanding work forces. As the increase in corporate revenues slows, however, a company's average employee age rises since fewer new workers are entering the firm; the higher average age and less expansion limits promotion opportunities.

Another element of Japan's more developed society is an increase in the number of university graduates in the corporate work force. Thus, unlike a generation ago, a bachelor's degree no longer ensures a path into the high ranks of a company. Without being able to ensure that a sufficient number of management positions will be available, companies also are less able to attract younger workers by linking wage differences to seniority. Job-hopping among younger workers, including university graduates, is being reported, even in major corporations.

A public opinion poll conducted this past February by the Prime Minister's Office pointed to the tendency of younger salaried workers to place more importance on their personal lives than on the company's welfare.[2] The survey indicated that male workers in their 40s and 50s tended to regard work as more important than leisure, while those below 40 preferred leisure to work. Labor unions have begun to push for a reduction of working hours as well as higher wages and salaries. Since future pay increases are expected to be at a lower rate in line with the slowing of the Japanese economy, analysts anticipate that workers will be more concerned about improving their working conditions today rather than later, including working fewer hours and getting a greater share of corporate income.

Increasing Asset Gap - The huge run-up in land prices in the late 1980s widened the gap between Japan's haves and have-nots. In this situation pay increases could not catch up with soaring real estate prices. Until the real estate boom of the late 1980s salaried workers in their 30s or older could afford to purchase a home within a one-hour commute of major cities for around five times their annual salary. In spite of a recent drop in real estate prices (see *JEI Report* No. 14B, April 10, 1992), housing prices within the same commuting distances still are more than 10 times greater than the annual incomes of these workers. One effect of the bubble economy, in which speculation was rampant both in the stock market and in real estate, was to induce people to spend now rather than save for tomorrow.

Environmental Concerns - Consumers and the public in general are becoming more skeptical about the unintended effects of Japan's growth- and efficiency-oriented corporate strategy. Competition that leads to the development of more convenient goods at lower prices obviously benefits consumers, but costs also are imposed on society. For example, mass production also generates massive amounts of industrial garbage. Moreover, frequent changes in durable goods models, like cars, consumer electronics products and personal computers, induce consumers to purchase new products rather than to repair old ones. As a result, consumers scrap many still usable goods when they go out of style. This mentality increases the publicly borne costs of dealing with the scrap heap of a mass-consumption society, for example; what is perhaps more important, such thinking contributes to the inappropriate use of resources (see *JEI Report* No. 1A, January 10, 1992). Similarly, just-in-time delivery, which helps to control inventory costs, also has detrimental effects on the environment since it increases traffic and road congestion, which contribute to air pollution. Traffic accidents and other inconveniences also impose costs on society for the good of certain companies.

Deregulation - Government's export-oriented industrial policy no longer was appropriate by the 1980s when Japan started to rack up huge trade surpluses with many of its major trading partners year after year. Most government regulations and administrative guidelines that favored domestic companies were introduced when Japanese businesses still were weaker than their foreign competitors. Although these protective measures effectively fostered the growth of domestic industry for the first three decades of the postwar period, by the start of the 1980s companies in more mature sectors of the economy had begun to regard the web of regulations and guidance as an obstacle to their continued expansion. Less government intervention and liberalized markets became the preferred options for business, which for the last 10 years or so has supported administrative reform and greater deregulation of still controlled or cartelized sectors.

Overseas Market Complaints - When Japanese companies played a relatively minor role in world markets, and when those markets themselves were growing rapidly, corporate Japan had considerable leeway to expand exports and international market share. At the same time foreign companies appeared scarcely interested in their access to the limited Japanese markets, and those who were interested often faced various government-approved protective barriers, at least until the 1970s. As Japan's international market presence expanded, however, many foreign competitors began to be concerned. According to the International Monetary Fund, Japan's share of world GNP had reached 13.6 percent by 1989.[3] Among the members of the Organization for Economic Cooperation and Development Japan ranked as the second-largest exporter of manufactured products the same year with a 16 percent world market share; West Germany was first with a 19 percent stake. In fact, Japan's share of world manufactured exports was 18 percent between 1983 and 1985, more than two-and-a-half times larger than the same figure two decades before.[4]

Japan's international market share was trimmed in the second half of the 1980s by both the steep appreciation of the yen against the dollar and the export restraint arrangements forced on Tokyo by Washington and European capitals during that decade or even earlier. As of April 1991 U.S.-bound exports under "voluntary" restrictions by Japan on a volume basis included steel, cars, machine tools and textiles; quantitative limits also were in effect for forklift trucks, machine tools and textiles headed to the European Community market. Moreover, under the 1986 semiconductor trade agreement with the United States the Japanese government monitored the prices of key products exported to third countries as well as the United States.[5]

Outside Pressure - Such critics of Japan as the "revisionists" and certain foreign businessmen contend that a large part of Japan's trade surplus with the United States, the European Community and other countries stems from the uniqueness of Japanese corporate management and the close relationship between government and the private sector. They argue that although Japan's tariff and nontariff trade barriers largely have been dismantled, business practices there are exclusionary. Administrative guidance, too, works to prevent foreign companies from exporting to and investing in

Japan, these critics add. The 1989-90 Structural Impediments Initiative talks between Washington and Tokyo attempted to address these and other underlying causes of the huge U.S.-Japan trade gap. In the first year of follow-up sessions negotiators for the two governments spent more time on business-related issues, such as corporate management practices, *keiretsu* relationships, pricing practices and antitrust policy, than on public works spending or land reform.[6]

Moreover, foreign business executives blame corporate Japan for playing by a different set of rules at home that enhances their competitiveness abroad. For example, a Department of Labor survey of hours worked per employee in the manufacturing sector in 1989 showed that the average Japanese employee worked 2,155 hours a year, while on average American workers put in 1,951 hours, British workers 1,856 hours, French workers 1,610 hours and German workers 1,603 hours.[7] From this large discrepancy in working hours many foreign competitors conclude that Japanese businessmen profit handsomely from their employees' willingness to work. Although the number of hours worked says nothing about productivity, relative costs, or international comparative advantage, the impression conveyed by critics is that corporate Japan somehow benefits while its foreign counterparts suffer because their labor forces spend less time on the job. The underlying rationale of these foreign concerns for the Japanese laborer seems to be that the Japanese work force is being exploited (in terms of being paid less than warranted by its productivity). But lower labor costs permit lower prices, rather than higher profits. And lower prices allow Japanese products, in such situations, an unfair edge in dominating world markets. This argument suggests that, if Japanese corporate values force employees to sacrifice for the benefit of the company, then the conditions of employment tilt the balance on the trade playing field. Japanese business, thus, looks overly aggressive, with employees often described as trade warriors invading the world market. Although there is little in the way of empirical studies or theoretical research that could confirm or refute this argument, it is obvious from the discussions generated by this line of thinking that the anxieties can have political and economic consequences.

Reviewing Japan's Corporate Management

In responding to criticism from foreign government officials and industry leaders about how corporate Japan conducts business, Japanese negotiators have defended practices in Japan by stressing that the market there operates on the same capitalist principles as the American or European market does. Competition is the norm among companies regardless of their nationality, they say. Moreover, only a few government restrictions on foreign investors remain, even regarding acquisitions of Japanese companies, and Japan's tariff and nontariff trade barriers are among the lowest in the world.

Some Japanese business executives, however, have begun to take a hard look at foreign complaints about corporate Japan's market share strategy at home and abroad. For example, Keidanren (Japan Federation of Economic Organizations) recently proposed that Japanese companies work toward the development of cooperative relationships with consumers at home and their counterparts overseas.[8] Acknowledging that the business practices that served Japanese companies so well in the past may be no longer appropriate in a world where Japan is expected to take a more active role in international economic affairs and Japanese companies are being asked to pay more attention to community relations, the influential business group urged industry to promote a dialogue with labor union representatives and consumers as well as foreign business leaders.

In the February 1992 issue of the respected opinion magazine *Bungei Shunju* Sony Corp. cofounder Akio Morita created a sensation with a six-point proposal that he said he developed after a trip to Europe and the United States last year as a Keidanren vice chairman.[9] His article, available on newsstands in January, was the first public attempt by a Japanese businessman to address the need for fundamental change in Japanese corporate management practices.

Mr. Morita proposed that Japanese corporate managers should: try to reduce the number of hours worked to enable employees to enjoy more leisure time; raise wages and salaries; increase the

dividends paid to stockholders; review both the just-in-time delivery system and pricing practices to improve relations with suppliers; play a more active role in community and philanthrophic activities as good corporate citizens; and become more concerned about environmental preservation, through reduced energy consumption, among other measures. Mr. Morita also suggested an overhaul of Japanese corporate strategy. Instead of trying to sell the largest volume possible regardless of the profit margin earned, manufacturers should concentrate on marketing smaller volumes of higher profit products, he said.

Various reactions to Mr. Morita's proposal have reverberated in Japan's business and academic circles. The head of Nikkeiren (Japan Federation of Employers' Associations) promptly cast doubt on whether changes in Japanese corporate management practices would help employees realize a better life or ease tensions with foreign business competitors.[10] Takeshi Nagano, who also heads Mitsubishi Materials Corp., argued that raising employees' wages or salaries and shareholders' dividends would undermine the competitiveness of Japanese firms. A correspondingly weaker Japanese economy could not meet international expectations that it recycle its trade surplus for the benefit of world economic development, he added. Mr. Nagano further stated that international criticism of Japan stemmed not from Japanese management practices but from the perception that Japan did not fulfill its role as an economic superpower. He also noted that the Japanese people could attain a higher standard of living through measures other than higher pay, which would raise concerns about inflation. He suggested that gains could be made by improving the country's social and economic infrastructure, such as transportation networks, and implementing land reforms that would lower the cost of doing business in Japan.

Some commentators say that Mr. Nagano's views represent the general position of Nikkeiren. That organization is nervous about big wage and salary increases at a time when the Japanese economy is growing relatively slowly.[11] At least one businessman suggested, though, that Mr. Nagano had a personal reason for not backing Mr. Morita's idea that corporate Japan should abandon its drive for market share.[12] Mitsubishi Materials generates nearly half of its revenues from copper, zinc, gold, silver and cement. Unlike the consumer electronics products that make up most of Sony's business, primary metals and cement are undifferentiated products sold at prevailing world market prices; the principal means for increasing profits in such products is through higher sales and revenues rather than through product improvements.

In analyzing whether Mr. Morita's idea would sap the vitality of Japanese companies, Rikkyo University Emeritus Prof. Chiaki Nishiyama pointed out that, given Japan's projected long-term labor shortage, reducing the number of hours production workers put in would have to be offset by more extensive automation if real unit labor costs were not to increase.[13] If employees and stockholders were to receive more of a company's net profits in the form of higher wages and dividends, respectively, the firm would have less money from internal sources to fund capital investment and R&D expenditures. Mr. Nishiyama concluded that the competitiveness of Japanese industry would be lessened if corporate managers proceeded to reduce working hours and raise employee compensation and, at the same time, boost the dividend payout ratio.

Mr. Nishiyama's criticism implicitly assumes that Japanese firms are reluctant to raise funds externally. The reason could be simple. Raising funds through stocks, bonds or borrowing usually costs a company more than tapping its own internal sources of financing, especially with the present corporate tax structure. A recent article in the *Economist* suggested that Japanese management may pay little attention to the cost of capital in making investment decisions; these, the author said, are driven more by market share opportunities.[14] This assertion was more true of the past than of the present since Japanese companies now increasingly are confronting real market cost of funds. Other studies on the cost of capital itself have indicated that the advantage Japanese corporations once might have had in raising funds now has disappeared (see *JEI Report* No. 16A, April 20, 1990). In any case greater dependence on external market-priced sources of financing would contribute to a long-run leveling out of Japanese competitiveness (see *JEI Report* No. 11A, March 20, 1992).

Ironically, at the same time that leading Japanese businessmen are questioning the future viability of their past methods, a cross section of politicians, government officials, businessmen and academics in the United States argues that American companies should operate more like their Japanese counterparts. For example, the Competitiveness Policy Council, established by the 1988 Omnibus Trade and Competitiveness Act, proposed several measures at the beginning of March to bolster this country's competitiveness.[15] The group recommended that American corporate managers pay more attention to long-term profits than short-run returns and strengthen relations with shareholders as well as employees, suppliers and the communities in which they operate. (Other proposals included: legislative measures to induce companies to change the way they do business; incentives to boost personal savings; improved educational and vocational training; and more support for business R&D and export programs.)

Many Japanese and foreign analysts have questioned whether implementation of Mr. Morita's plan would lower the rhetoric level in the West.[16] Even if Japanese companies operated more like American and European corporations, these analysts say, foreign businessmen still might not be satisfied if the Japanese market continues to appear closed. A similar concern is that if Japan fails to meet international expectations of its political role in the world community, then actions by the private sector at home and abroad still will fall short of demands for change.

Self-Policing Versus Government-Imposed Changes

Government initiatives, like land reform, deregulation of the distribution system and expanded social infrastructure, are necessary before the Japanese public begins to feel that its standard of living is comparable to what Americans and Europeans have. Recommendations along these lines have come from abroad through such channels as the SII talks as well as from domestic sources, like Mr. Nagano of Nikkeiren. But relying on the government for change also has costs. The private sector would say that one potential major cost would be that industry's activities might be more constrained than they otherwise would be. If, for example, traffic jams result primarily from frequent deliveries to factories or shops that have a just-in-time inventory system, residents living nearby could ask the government to restrict road usage. Similarly, if people are worried about the social costs of industrial or household waste, the government might be able to tackle the problem by restricting production or taxing producers and consumers to simultaneously encourage changes in disposal habits and cover the disposal costs. Corporate executives would argue, though, that greater regulation of business activities is likely to raise production costs, a result that eventually will show up in the prices consumers pay.

Voluntary self-policing is among the approaches that Japanese business leaders and many consumers are advocating to solve problems such as those just mentioned. If corporate managers always take into account community interests, they can voluntarily restrict their business activities without government intervention. Although this alternative, too, probably would lead to price hikes on certain products, the increased administrative costs stemming from additional regulatory controls would be eliminated. Many Japanese companies, therefore, have adopted on their own codes of conduct regarding corporate behavior — especially related to the issue of environmental preservation.[17] In addition, more corporations are exploring philanthropic activities to elevate the company's image in the community.[18]

Companies also increasingly are seeing a need to bring their management practices more in line with those of foreign competitors. Further government intervention in the business community's affairs is expected unless business leaders move quickly. Some Japanese businessmen worry that Japan-targeted protectionist measures, such as import surcharges or market-sharing arrangements, might proliferate if trade tensions with the United States and Europe continue at their present levels. President Bush's early January visit to Tokyo exemplified the tendency of some American businessmen to rely more on government-to-government negotiations rather than on private-sector talks. Japanese business leaders concerned about calls for managed-trade types of solutions see frequent government

intervention in trade and investment activities as eventually leading down that path or (in an extreme version) to a command-type of economy, such as that found in the collapsed economies of the former Soviet Union and Eastern European nations. Government intervention, in any case, narrows trade opportunities by undercutting market mechanisms.

Japan's corporate leaders view self-initiated change as worth the effort, a way of demonstrating their intention to compete in a more acceptable way in world markets. Not only do they see themselves as thus maintaining a market economy but avoiding protectionist responses overseas. The feasibility of their efforts and whether changes would address the main concerns of critics at home and abroad — thereby heading off future problems — remain open to debate.

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Notes

[1]Science and Technology Agency, *Kagaku Gijutsu Hakusho 1991* (White Paper on Science and Technology).

[2]Prime Minister's Office, *Yoka to Ryoko ni Kansuru Yoron-chosa* (Public Opinion Poll on Leisure and Travel), February 22, 1992.

[3]Estimate by the Economic Planning Agency based on International Monetary Fund statistics, including data appearing in *World Economic Outlook* (October 1990) and *International Financial Statistics*.

[4]Organization for Economic Cooperation and Development, *Foreign Trade by Commodities* (various years).

[5]Ministry of International Trade and Industry, *Tsusho Hakusho 1991* (White Paper on Trade).

[6]*First Annual Report of the U.S.-Japan Working Group on the Structural Impediments Initiative*, May 22, 1991.

[7]Department of Labor, Bureau of Labor Statistics, *Underlying Data for Indexes of Output per Hour, Hourly Compensation, and Unit Labor Costs in Manufacturing, Twelve Industrial Countries 1950-1989*, May 1991.

[8]Keidanren, *A Guide to Action for 1992*, January 30, 1992.

[9]Akio Morita, "Nihon-gata Keiei ga Abunnai (Crisis of Japanese Corporate Management)," *Bungei Shunju*, February 1992.

[10]Mr. Nagano publicly opposed Mr. Morita's views at a January 20, 1992 Nikkeiren press conference. Mr. Nagano's position was outlined in "Towareru Nihon-gata Keiei (Japanese Corporate Management under Challenge)," *Yomiuri Shimbun*, February 6, 1992.

[11]See such newspaper articles as "Nikkeiren shuno no Gyakushu (Counterattack by Leaders of Nikkeiren)," *Nihon Keizai Shimbun*, January 21, 1992, and "Ronso-Nihon Kigyo no Chingin Suijun wa? (A Debate on Japan's Wage Levels)," *Asahi Shimbun*, January 28, 1992.

[12]Ken Moroi, chairman of Chichibu Cement Co., Ltd., as quoted in *Sentaku*, March 1992.

[13]Chiaki Nishiyama, "Seisansei Mushi no Jitan wa Mondai (Problems of Shortening Working Hours Without Considering Productivity)," *Yomiuri Shimbun*, March 22, 1992.

[14]"Japanese Business Methods," *The Economist*, April 4, 1992.

[15]Competitiveness Policy Council, *First Annual Report to the President and Congress: Building A Competitive America*, March 1, 1992.

[16]See, for example, "Nihon-gata Keiei no Yukue, Morita Ronbun wo Do yomuka (Prospects for Japanese Corporate Management: How Do We Interpret Morita's Proposals?)," *Bungei Shunju*, April 1992.

[17]Keidanren, *Keidanren Global Environment Charter*, April 23, 1991.

[18]Keidanren, "Shakai Koken Hakusho (White Paper on Japanese Corporate Philanthropic Activities)," January 28, 1992.

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